Dyoll Group Limited 1997

NOTES TO THE FINANCIAL STATEMENTS

Year ended Decemeber 31,1997

1. The company

The company is incorporated under the Laws of Jamaica and its stock units are quoted on the Jamaica Stock Exchange. These financial statements are presented in Jamaican dollars.

The principal activity of the company is providing management services to its subsidiaries and associated companies (see note 30).

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2. Accounting basis

A subsidiary has sustained substantial losses over the past two years. The financial statements have been prepared on the going concern basis although the appropriateness of this basis is dependent on the ability of this subsidiary to obtain continued financing and ultimately on future profitable operations (see note 33).

3. Significant accounting policies

(a) Accounting convention:

The financial statements are prepared under the historical cost convention modified for the inclusion of certain fixed assets and investments in real estate and investment properties at valuation.

(b) Basis of consolidation:

The consolidated financial statements include the financial statements of all subsidiaries made up to December 31,1997.

All significant inter-company transactions are eliminated.

The company and its subsidiaries are collectively referred to as the " Group".

The equity method of accounting for the Group's investments in the associated companies has been adopted. Under the equity method the Group's share of results of associated companies based on the latest audited financial statements available is included in the consolidated profit and loss accounts and the tax attributable to its share of profits is included in the group's taxation. A provision for the diminution in value of the investments in two associated companies was made in 1997 based on audited accounts for one and the decision of the directors of the company for the other. In the consolidated balance sheet investments in associated companies are shown at the lower of cost and written down value plus the group's share of associated companies' reserves arising since acquisition.

(c) Depreciation:

(i) Fixed assets with the exception of freehold land on which no depreciation is provided are depreciated on the straight line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2 1/2%
Leasehold improvements	10%
Computers and accessories	10%, 20%
Furniture, fixtures and equipment	10%
Motor vehicles	20%

(ii) Leased equipment and motor vehicles are depreciated over the lease period to write off the cost less anticipated proceeds on disposals.

(iii) No depreciation is charged on real estate held as investments and investment properties.

(d) General insurance:

(i) Underwriting results:

The underwriting results of the general insurance subsidiary are determined after making provision for, inter alia, unearned premiums, outstanding claims, claims equalization and unexpired risks.

Unearned premium represents that portion of the premiums written in the period up to the accounting date which is attributable to subsequent periods and are calculated on the twenty-fourths basis on the total premiums written for motor, fire, accident and miscellaneous insurance, after taking account of reinsurances. The twenty-fourths basis is not used for the marine cargo business, the calculation of which is 50% of net premiums written for the last three months.

Outstanding claims represent claims arising from incidents prior to the accounting date but not settled at that date. Provision is made for such outstanding claims on the following bases:

. The estimated cost, net of reinsurance, of claims notified before the date on which the records for the year are closed based on the information available at that time.

. An estimate (based on prior experience), net of reinsurance, in respect of the probable cost of incurred but not reported claims, ie. claims arising from incidents prior to the accounting date but not notified by the date on which the records for the year are closed. Due to the level of judgement involved in arriving at this estimate, actual results may vary.

Claims equalization represents the amount set aside to reduce exceptional fluctuations in the amount charged to revenue in subsequent financial years in respect of claims under insurance contracts. The charge to revenue is calculated on the basis of approximately 1% of the year's net premium income.

Unexpired risk represents the amount reserved, in addition to unearned premium, in respect of risks to be borne by the company under contracts of insurance entered into before the end of the financial year and is calculated on the basis of approximately 5% of the year's net premium written.

(ii) P.P.V: Pool

The general insurance subsidiary participates in the motor insurance pool for public hire vehicles administered by the Jamaica Claims Bureau, based on a flat rate of 5% plus an additional percentage computed on a market share basis in each year. Results are reported one year in arrears. The pool is being wound up.

(e) Life assurance fund:

The life assurance fund is determined after making provision for, inter alia, future benefit reserves,outstanding claims and claims equalization reserve, viz:

[i] The present value of future benefit reserves is determined by the company's actuaries in accordance with generally accepted standards of valuation.

[ii] Claims outstanding represent the estimated cost of claims notified before the date on which the records for the year are closed, based on the information available at the time.

(f) Investments:

Real estate is stated at open market value, determined by external chartered appraisers/valuators and modified by the directors' estimate of diminution in value. Unrealised appreciation on real estate is carried to capital reserve.

Investment properties are stated at current market values as estimated by the directors.

Mortgage loans are stated at cost, less provision for losses as appropriate.

All other investments are stated at cost.

(g) Deferred policy acquisition costs:

The cost of acquiring long duration new business (principally commissions and portfolio acquisition costs) and certain agency and marketing expenses, all of which vary with and are primarily related to the production of new business, have been deferred. These costs, adjusted for current assumptions as to persistency, are amortized over a period of five to seven years, commencing with the year following that in which they are incurred.

(h) Coffee plantations:

The costs of development are capitalized as deferred expenses up to maturity; thereafter they are expensed. Capitalized costs of mature coffee plantations are amortized over a period of thirty-three years.

(i) Deferred expenses:

Expenses relating to promotional expenses, new product promotions and staff training are being written off over three to four years commencing with the year following that in which the expenses are incurred. In addition, these costs are reviewed annually to determine that the unamortized portion of such costs does not exceed amounts recoverable from related future income streams.

(j) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currency are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

(k) Pensions:

The company and the group operate pension schemes (see note 28) and the assets of the schemes are held separately from those of the company and the group. Contributions to the schemes are charged to the Group Profit and Loss Account to fund past and future benefits.

4. Short-term deposits

These include certificates evidencing cash on deposit of $3,600,000 (1996: $3,500,000) equivalent to US$1OO,OOO (1996: US$100,000) held by a subsidiary's commercial bank as required by the Superintendent of Insurance.

5. Accounts receivable and prepaid expenses

	Company		Group	
	1997	1996	1997	1996
Premiums due from policy holders, agents and brokers	-	-	114,466,948	113,359,332
Other accounts receivable and prepaid expenses	2,966,286	4,109,126	87,882,906	98,471,311 *
	2,966,286	**4,109,126**	**202,349,854**	**211,830,643 ***

* Reclassified to conform with current year presentation.

6. Bank overdraft

Bank overdraft is secured by Government of Jamaica securities (see note 7) of a face value of $1,600,000 (1996: $1,600,000) and the company's guarantee to cover up to $300,000 (1996:$300,000).

7. Investments

	Company		Group	
	1997	1996	1997	1996
Quoted investments	-	-	30,656,960	51,461,278
Unquoted investments	1,510,080	-	43,215,235	41,730,323
Other investments:				
Life insurance	-	-	109,594	107,794
Mortgage and other secured loans	6,177,971	5,664,480	62,834,547	80,713,593 *
Real estate	-	-	471,819,217	471,819,217
Investment properties	-	-	22,645,993	14,449,593
Securities purchased under agreement to resell	-	-	42,000,000	-
Managed funds	1,820,500	-	1,820,500	-
	$ 9,508,551	**5,664,480**	**675,102,046**	**660,281,798**

Market value of quoted investments	$ -	-	30,552,887	40,359,421

(a) Quoted investments include Government of Jamaica securities with a face value of $1,600,000 (1996:$1,600,000) which are held as collateral for the group's overdraft facilities (see note 6). The carrying value of quoted investments is retained at cost as the decline in market value is considered temporary.

b) Certain real estate was valued by Messrs. D.C. Tavares & Finson Co. Limited, and C. D. Alexander Co. Realty Limited appraisers and valuators of Kingston, Jamaica during 1992, 1994, 1995, and 1997 on an open market basis. The surplus arising on revaluation as reduced by the directors' estimate of diminution in value has been transferred to capital reserves.

(c) Securities purchased under agreement to resell are amounts invested in treasury bills and Government of Jamaica local registered stocks by brokers on behalf of the company. Under the agreements, the securities will be repurchased from the company by the brokers on specified dates, at specified amounts.

* Reclassified to conform with current year presentation.

8. Investments in associated companies

	Company		Group	
	1997	1996	1997	1996
Shares, at cost	51,110,767	80,969,983	84,356,366	114,215,582
Provision for diminution in value	(51,110,767)	(36,348,109)	(68,888,587)	(30,780,440)
Post-acquisition reserves at beginning of year	-	-	9,281,971	(2,785,085)
Share of profits less, (losses)	-	-	(5,932,162)	15,493,533
Share of profits less, (losses) of associated company disposed of	-	-	(1,625,989)	-
Share of taxation of associated company	-	-	22,477	(22,477)
Dividends received	-	-	(6,489,800)	(3,404,000)
Carrying value at end of year	-	44,621,874	10,724,276	92,717,113

A provision for diminution in value of the investments in the associated companies Carib National Group Limited and Dyoll Caribbean Financial Services Limited has been made based on the decision of the directors for the former, and audited accounts for the latter, as at December 31, 1997.

9. Investments in subsidiaries

	Company	
	1997	1996
	$	$
Shares, at cost	89,077,390	48,945,606
Loans	1,203,600	1,203,600
	$ **90,280,990**	**50,149,206**

10. Long-term receivable

	Company		Group	
	1997	1996	1997	1996
National Housing Trust 2001/4	-	-	97,262	97,262
Secured loan (see note)	36,000,000	35,000,000	36,000,000	35,000,000
	36,000,000	35,000,000	36,097,262	35,097,262
Less current maturity	36,000,000	35,000,000	36,000,000	35,000,000
	$ -	**-**	**97,262**	**97,262**

Note:

The secured loan represents a US$1,000,000 12% (1996: 12%) loan secured by the ordinary shares of a related company and was due by March 31, 1997.

11. Fixed assets

Company:

	Freehold buildings and leasehold improvements	Furniture, fixtures, equipment, and leased equipment and vehicles	Computers and accessories	Totals
At cost or valuation:				
December 31, 1996	6,559,854	5,594,308	22,407,010	34,561,172
Additions	-	85,598	60,727	146,325
Disposals	-	(2,255,477)	(289,902)	(2,545,379)
December 31, 1997	6,559,854	3,424,429	22,177,835	32,162,118
At cost	4,959,854	3,424,429	22,177,835	30,562,118
At valuation	1,600,000	-	-	1,600,000
	6,559,854	3,424,429	22,177,835	32,162,118
Depreciation:				
December 31, 1996	786,569	2,922,675	10,095,951	13,805,195
Charge for the year	224,424	382,521	3,331,933	3,938,878
Eliminated on disposals	-	(1,458,779)	(195,601)	(1,654,380)
December 31, 1997	1,010,993	1,846,417	13,232,283	16,089,693
Net book values:				
December 31, 1997	**$5,548,861**	**1,578,012**	**8,945,552**	**16,072,425**
December 31, 1996	**$5,773,285**	**2,671,633**	**12,311,059**	**20,755,977**

Group:

	Freehold buildings and leasehold improvements	Furniture, fixtures, equipment, and leased equipment and vehicles	Computers and accessories	Totals
At cost or valuation:				
December 31, 1996	77,474,433	45,931,167	50,148,007	173,553,607
Additions	330,604	2,286,499	7,745,911	10,363,014
Disposals	(51,130)	(8,358,203)	(337,892)	(8,747,225)
December 31, 1997	77,753,907	39,859,463	57,556,026	175,169,396

At cost	12,153,907	39,859,463	57,556,02	109,569,396
At valuation	65,600,000	-	-	65,600,000
	77,753,907	39,859,463	57,556,026	175,169,396
Depreciation:				
December 31, 1996	9,709,425	20,705,509	18,204,086	48,619,020
Charge for the year	2,449,715	6,071,810	6,098,049	14,619,574
Eliminated on disposals	-	(5,642,834	(226,001)	(5,868,835)
December 31, 1997	12,159,140	21,134,485	24,076,134	57,369,759
Net book values:				
December 31, 1997	$ **65,594,767**	**18,724,978**	**33,479,892**	**117,799,637**
December 31, 1996	$ **67,765,008**	**25,225,658**	**31,943,921**	**124,934,587**

Freehold land and buildings were revalued by D.C. Tavares and Finson Co. Ltd., real estate appraisers of Kingston, Jamaica at an open market valuation as at June 25, 1992 of $1,600,000 for the company and $65,600,000 for the group. Certain fixtures owned by the company and the group are included at independent 1989 and 1991 open market valuations respectively, with additions after valuation dates at cost.

Surplus arising on revaluation, inclusive of depreciation no longer required, have been transferred to capital reserves (see note 15).

Freehold land and buildings include land at a valuation of $20,000 (1996: $20,000) for the group.

12. Deferred policy acquisition costs

	Group 1997	Group 1996
At beginning of year	37,561,693	29,774,018
Acquisition costs deferred:	9,814,289	13,542,845
Commissions	1,864,715	2,573,140
Marketing expenses	11,679,004	16,115,985
Amortization:		
Portfolio acquisition costs	709,351	709,351
Commissions	8,126,594	6,361,963
Marketing expenses	2,031,649	1,256,996
	10,867,594	8,328,310
At end of year	**$38,373,103**	**37,561,693**

13. Deferred expenses

	Company 1997	Company 1996	Group 1997	Group 1996
Coffee plantations	-	-	38,430,768	32,509,901
Other	1,567,632	1,254,398	3,022,763	3,610,311
	$ 1,567,632	**1,254,398**	**41,453,531**	**36,120,212**

14. Share capital

		1997	1996
Authorised:			
66,144,254 (1996: 50,000,000) ordinary shares of 50c each	$	**33,072,127**	**25,000,000**
Issued and fully paid:			
60,921,714(1996: 44,777,460) ordinary stock units of 50c each	$	**30,460,857**	**22,388,730**

(a) At an extraordinary meeting of the company held on June 19, 1997, the authorised share capital was increased from $25,000,000 to $33,072,127 by the creation of 16,144,254 ordinary shares of 50 cents each. These ordinary shares rank pari passu in all respects with the existing ordinary shares of the company. Also, on June 19, 1997, 16,144,254 stock units of 50¢ each were issued fully paid up.

(b) These stock units were issued at a premium of $1.80 each (see note 15).

15. Reserves

	Company		Group	
Capital:	1997	1996	1997	1996
Share premium				
At beginning of year	50,883,086	50,883,086	50,883,086	50,883,086
Arising during the year [see note 14(b)]	29,059,658	-	29,059,658	-
At end of year	79,942,744	50,883,086	79,942,744	50,883,086
Capital redemption reserve	-	-	1,600,000	1,600,000
Other				
At the beginning of the year	43,470,217	39,951,997	317,754,227	336,692,948
Transfer from/(to) profit and loss account				
Gain on disposal of fixed assets and investment	11,531,013	3,518,220	5,659,374	4,289,721
Exceptional item - (gain)/ loss on exchange (see note 22)	-	-	4,094,422	(23,257,125)
Capital distribution received	-	-	172,651	28,683
Minority interest	-	-	1,780,375	-
At the end of the year	55,001,230	43,470,217	325,900,299	317,754,227
Total capital	134,943,974	94,353,303	407,443,043	370,237,313

Revenue:				
Accumulated deficit at end of year	(67,177,339)	(36,987,557)	(330,658,329)	(63,719,562)
	$ **67,766,635**	**57,365,746**	**76,784,714**	**306,517,751**

16. Minority Interests

Minority interests include 162,868,216 12.5% cumulative redeemable preference shares of $1 each acquired by FINSAC Limited in the capital of the life insurance subsidiary of the company.

17. Insurance funds

	Group	
	1997	1996
Unearned premiums reserve	169,139,612	182,746,999
Actuarially determined future benefits reserve	222,633,639	241,298,178
Unexpired risk reserve	16,682,870	18,766,375
Claims equalization reserve	19,493,606	16,226,270
Insurance fund	153,444	50,871
	428,103,171	459,088,693
Provision for outstanding claims	325,892,401	282,904,842
	$ **753,995,572**	**741,993,535**

18. Due to subsidiaries

(A) Current liabilities

	1997	1996
(i) 17.5% loan	3,877,309	-
(ii) 25% loan	4,700,000	-
(iii) 10% loan	-	23,979,795
	8,577,309	23,979,795
Other liabilities	27,776,883	26,559,994
	36,354,192	50,539,789
Past due and current maturities of long-term loans (see B below)	37,805,732	30,244,586
	$ **74,159,924**	**80,784,375**

(B) Long-term liabilities

Unsecured interest free loans	1997	1996
(a) Dyoll Insurance Company Limited 29,186,007	29,186,007	29,186,007
(b) Dyoll Life Limited	8,619,725	8,619,725
	37,805,732	37,805,732
Less past-due and current maturities (see A above)	(37,805,732)	(30,244,586)
	$ -	7,561,146

(a) This represents two loans repayable in December 1997 and November 1998 respectively.
(b) This is repayable in November 1998.

* Reclassified to conform with current year presentation.

19. Long term loans

	Company		Group	
	1997	1996	1997	1996
(i) 12% - 1979/2004	-	-	561,651	616,187
(ii) 14%- 1992/1998	-	-	255,495	511,004
(iii) 15%- 1994/2002	-	-	3,272,728	4,000,003
(iv) 10%- 1996	-	11,020,205	-	11,020,205
(v) 12 1/2% - 2000	-	-	4,286,016	5,833,520
(vi) 35%- 1998	7,306,904	12,481,839	7,306,904	12,481,839
(vii) 43% - demand loan	-	-	408,521	-
(viii) 52% - demand loan	-	-	279,578	-
	7,306,904	23,502,044	16,370,893	34,462,758
Less: current maturities	(7,306,904)	(19,785,245)	(10,463,614)	(22,875,483)
	$ **-**	**3,716,799**	**5,907,279**	**11,587,275**

Loan (i) is secured on a subsidiary's freehold buildings and is repayable by equal half-yearly instalments, inclusive of interest, of $63,444, the final instalment being due on November 30, 2004.

Loans (ii) and (iii) are secured by a fixed and floating charge over the assets of a subsidiary, with collateral bill of sale over stock stamped to cover $2,467,000, a crop lien over 200 acres of leasehold coffee plantations of a subsidiary and a guarantee from the company to cover $8,466,960.

Loan (ii) is repayable in quarterly instalments of $63,878 which commenced in December 1992. Loan (iii) is repayable in quarterly instalments of $181,818 which commenced in September 1994.

Loan (iv) represented the outstanding principal on a US$1,O00,000 loan which was negotiated in 1996. The outstanding principal amount of US$315,000 was repaid by semi-annual instalments in June and December 1997.

Loan (v) represents a loan of US$250,000 which is subject to a guarantee from a subsidiary and its minority shareholders of J $15.2 million. The loan is repayable in quarterly instalments of US$11,904, which commenced in May 1995.

Loan (vi) represents a security free loan from an associated company which bears interest at 35%. The loan is repayable in 36 monthly instalments of $730,420, which commenced in January 1996, the final instalment being due in December 1998.

20. Gross revenue

Gross revenue represents gross premium written, income from leasing and investments, and sale of coffee berries.

21. Disclosure of (income)/expenses

Group operating loss is stated after charging/(crediting):

		1997 $	1996 $
Depreciation		14,619,574	17,233,766
Directors' emoluments	- fees	211,000	204,000
	- management	3,846,249	3,758,176
	- redundancy	12,489,231	-
Auditors' remuneration	- current year	3,878,250	3,545,000
	- prior year	25,000	-
Amortization of deferred expenses/policy acquisition costs		11,768,376	9,349,428
Mortgage and loan interest paid		38,388,587	61,647,724
Other interest paid		4,215,176	4,510,348
Investment income		(57,917,465)	(103,640,774)
Interest from associated company		(5,304,694)	(11,692,977)
Loss on sale of investments		5,594,654	1,392,495
Lease income		(1,301,239)	-
Gain on disposal of fixed assets		(1,027,167)	(5,682,216)
Loss/(gain) on exchange, net		**188,148**	**(1,246,572)**

22. Exceptional Items

This represents net exchange gains on translation of the results of the group's Cayman and Bahamas operations due to the devaluation of the Jamaican dollar (see note 15) and redundancy costs.

23. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and is made up as follows:

		1997	1996
Premium tax		1,240,491	2,164,296
Taxation on share of profits of associated company		(22,477)	22,477
		1,218,014	2,186,773
Prior year under provision		2,572,863	19,504
	$	**3,790,877**	**2,206,277**

Premium tax at 1.5% is payable on net life assurance premiums written during the year.

Taxation losses subject to agreement by the Commissioner of Income Tax, available indefinitely, for relief against future taxable profits amounted to approximately $ 195,178,000 (1996:$126,964,000) for the group and $24,448,000 (1996: $1,425,306) for the company.

24. Extraordinary Items, less taxation

The extraordinary items represent a gain on sale of investment in an associated company and a provision for the diminution in value of investments in two associated companies. There is no taxation attributable to this provision. In the prior year the extraordinary item represented a provision for the diminution in value of investments in two associated companies.

25. Loss attributable to the group

Dealt with in the financial statements of	1997	1996
The company	(18,658,769)	(37,837,680)
Subsidiaries, net	(187,595,919)	(167,630,784)
Associated companies, net	(50,507,632)	(5,870,723)
	$ **(256,762,320)**	**(211,339,000)**

26. Accumulated deficit

	1997	1996
Retained in the financial statements of		
The company	(67,177,339)	(36,987,557)
Subsidiaries, net	(189,848,900)	(5,233,536)
Associated companies, net	(73,632,090)	(21,498,469)
	$ **(330,658,329)**	**(63,719,562)**

27. Loss per stock unit

The loss per ordinary stock unit for the year is calculated by dividing the loss for the year attributable to the group before and after extraordinary items respectively, by the total of 53,402,472 ordinary stock units being the weighted average number of units in issue during the year. The 1996 loss per ordinary stock unit was calculated on the number of shares in issue for the entire year, being 44,777,460 ordinary stock units.

< Pension>

Contributory pension schemes, providing for final salary-related benefits, are in operation for all employees who have satisfied certain minimum service requirements. The latest actuarial valuation as at December 31, 1994 disclosed a surplus of $1,034,000. The next actuarial valuation was due as at December 31, 1997.
Contributions for the year amounted to $1,689,727 (1996: $2,480,455) for the company and $6,914,482 (1996: $7,714,353) for the group.
The schemes are administered by Dyoll Life Limited, a subsidiary.

29. Stock option plan

On January 1, 1994, 10% of the company's authorised share capital, comprising 5,000,000 stock units was reserved for the purpose of granting stock options to eligible executives of the company and its subsidiaries under a stock option scheme approved by the shareholders. The purchase price will be determined as the average price prevailing on the four trading days preceding the date on which an option is exercised.

As at December 31, 1997, 777,500 (1996: 777,500) stock units had been issued under the scheme.

30. Subsidiaries and associated companies

Subsidiaries	Equity holding		
	1997	1996	Activities
Dyoll Insurance Company Ltd.	100%	100%	General insurance underwriting
Dyoll Life Limited	100%	100%	Life assurance, general health and accident insurance
Dyoll /Wataru Coffee Company Limited	51%	51%	Coffee cultivation
Associated companies			
Cayman Insurance Centre Limited (Incorporated in the Cayman Islands)	37%	37%	General, health and life insurance broking and insurance premium financing
Dyoll Caribbean Financial Services Limited	49%	49%	Merchant banking, stock exchange brokers and investment analysts
Seville Development Corporation Limited	20%	20%	Property investment

	1997	1996	Activities
Carib National Group Limited	30%	30%	Provision of management

(Incorporated in US Virgin Islands)			services to subsidiaries which are involved in underwriting of general and life insurance business, operation of insurance agency and premium financing
Interoceanica de Seguros, S.A. (Incorporated in Panama)	-	30%	General and life insurance underwriting

During the year, the company disposed of its holdings in Interoceanica de Serguros, S.A.. The gain on disposal is shown as extraordinary item.

Except as indicated, the subsidiaries and associated companies are incorporated in Jamaica.

31. Commitments

At December 31, 1997, there were commitments:

(a) by the group under non-cancellable operating leases expiring between 2005 and 2009 amounting to $237,834 (1996: $648,826).
The amounts payable in the next twelve months aggregate $21,624 (1996: $388,688).

(b) in respect of the purchase of computer software amounting to $14,200,650 (1996: $20,479,485) by the group.

32. Contingent liabilities

(a) The company has guaranteed the amount of $100,000,000 to secure an umbrella credit facility for a subsidiary. At December 31, 1997 this liability amounted to $46,773,000 (1996: $46,773,000).

(b) The company has guaranteed a long term liability of a subsidiary to Agricultural Credit Bank on various loans fully repayable between 1994 and 2002 to a maximum of $15,200,000 (1996: $15,200,000). At December 31, 1997 this liability amounted to $7,814,239 (1996:$10,344,227).

(c) The company has guaranteed the overdraft facilities of a subsidiary up to $300,000 (1996: $300,000)

(d) A subsidiary is contingently liable for amounts totalling $1,460,000 (1996: $1,460,000 in respect of pending litigations.

(e) A subsidiary has guaranteed overdraft facilities for the company to the extent of $1,600,000 (1996: $1,600,000) secured by deposits of Jamaica Government securities of this face value.

33. Subsequent events

(a) Subsequent to the balance sheet date, the company has entered into an agreement to sell three floors of its building at 40 Knutsford Boulevard.

(b) A subsidiary is in negotiation to effect the sale of its real estate.

(c) The company is in negotiation on a joint venture agreement and has issued a letter of intent to effect the sale of the majority of its shares in a subsidiary.